

SL(6)540 – The Land Transaction Tax (Relief for Special Tax Sites) (Wales) Regulations 2024

Background and Purpose

These Regulations amend the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (the “**2017 Act**”) to insert a new Schedule 21A (Relief for Special Tax Sites) which provides for a new relief from land transaction tax (“**LTT**”) for qualifying transactions of land within a “special tax site”.

The Explanatory Memorandum to these Regulations¹ states that this will include:

“a designated freeport(s) and, potentially in future, any designated investment zone(s)...in Wales.

...The tax incentives relating to special tax sites, including the LTT relief, are key drivers of the Freeport Programme and have been designed with the intention of helping sites attract private investment and to deliver the policy objectives of both the Freeports and Investment Zones programmes in Wales.”

Paragraph 2 of the new Schedule 21A inserted by these Regulations applies the new LTT relief to one site - the Celtic Freeport special tax site² – with effect from 26 November 2024.

Procedure

Draft affirmative.

The Welsh Ministers have laid a draft of the Regulations before the Senedd. The Welsh Ministers cannot make the Regulations unless the Senedd approves the draft Regulations.

Technical Scrutiny

No points are identified for reporting under Standing Order 21.2 in respect of this instrument.

Merits Scrutiny

The following 3 points are identified for reporting under Standing Order 21.3 in respect of this instrument.

- 1. Standing Order 21.3(i) – that it imposes a charge on the Welsh Consolidated Fund or contains provisions requiring payments to be made to that Fund or any part of the government or to any local or public authority in consideration of any licence or**

¹ Page 2, paragraphs 1.1 and 1.5

² The area designated by the UK Government as a special area by the Designation of Special Tax Sites (Celtic Freeport) Regulations 2024/1035 made on 16 October 2024.



consent or of any services to be rendered, or prescribes the amount of any such charge or payment.

Section 25 of the Tax Collection and Management (Wales) Act 2016 provides that the Welsh Revenue Authority must pay amounts collected in the exercise of its functions, which includes the collection of LTT, into the Welsh Consolidated Fund.

These Regulations provide for relief from LTT for certain transactions involving land situated within a special tax site until 30 September 2029.

2. Standing Order 21.3(ii) – that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd.

The Explanatory Memorandum notes³ that,

“...In order to apply this LTT relief to any new special tax sites in the future (whether they be freeports or investment zones) or make any amendments to existing special tax site areas, further amendments will be required to ...[the 2017 Act]...via further regulations. Such regulations would also require the approval of the Senedd.”

3. Standing Order 21.3(ii) – that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd.

The Explanatory Memorandum also confirms⁴ that the new LTT relief is a subsidy, in respect of which a proposed “Subsidy Control Scheme for Welsh Freeports” has been submitted to the Competition and Markets Authority (“**CMA**”) in accordance with section 31 of the Subsidy Control Act 2022. The Memorandum further notes that a report from the CMA on the proposed scheme is expected by 1 November 2024. It states:

“...Following a mandatory ‘cooling-off’ period and an opportunity to consider the CMA’s report (and if needed, make amendments to the proposed scheme in light of that), it is anticipated that this scheme will be registered on the UK subsidy Transparency database as required under the Subsidy Control Act 2022. That registration will have occurred before the Senedd debate and vote on the making of the Regulations.”

The Government is therefore asked to:

1. explain the reasoning for laying these Regulations before the Senedd prior to the conclusion of the CMA’s consideration of the proposed scheme; and
2. in advance of the Senedd debate on the Regulations, confirm whether the CMA has raised any concerns in relation to the new LTT relief and, if so, the Government’s response.

³ Page 3, paragraph 2.3

⁴ Page 4, paragraph 3.4



Welsh Government response

A Welsh Government response to the third merits reporting point is required.

Legal Advisers

Legislation, Justice and Constitution Committee

28 October 2024



Senedd Cymru

Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad

—

Welsh Parliament

Legislation, Justice and Constitution Committee